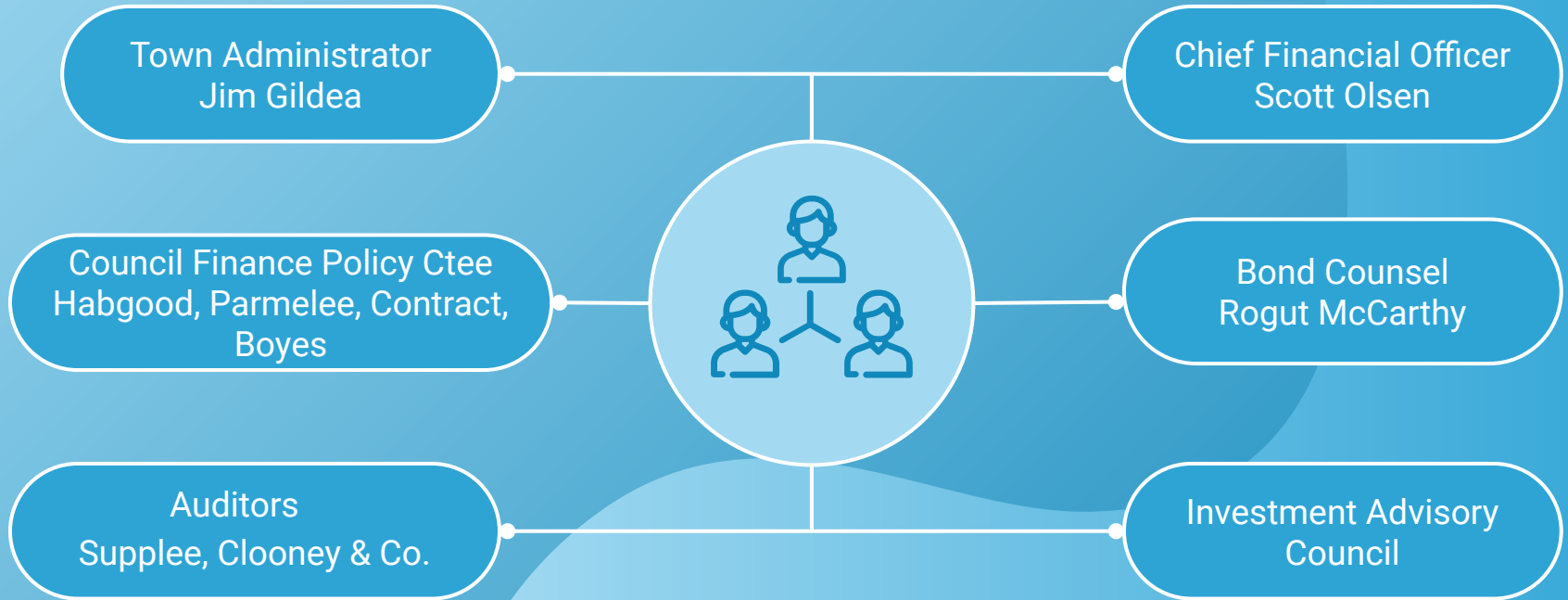


# 2021 Proposed Municipal Budget



March 23, 2021

# Team of Financial Professionals in Decision Making



# Budget Process and Timeline



## Long-Term Capital Investment Plan



- 6 year capital plan to support infrastructure improvements
- Focus on 3 year road paving plan

## Department Budgets



- Dept. heads prepared & submitted proposals for review in Dec
- Closed out previous year in Jan & consulted with financial experts

## Finance Committee Review



- January 28 - Public Meeting
- Jan 29-March 19: Meetings w/ auditors and Dept. heads
- Incorporate State Aid info
- Confirm Federal Stimulus Impact

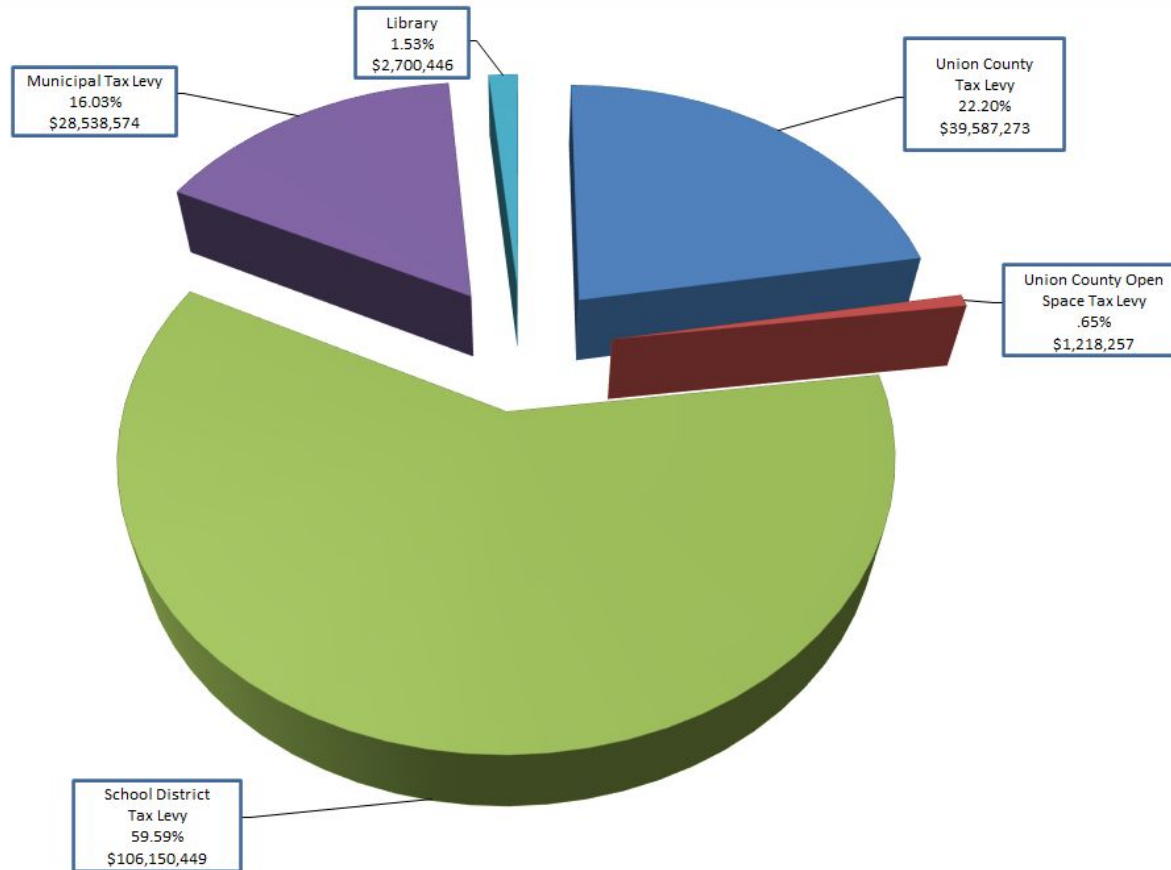
## Council Review & Public Presentation



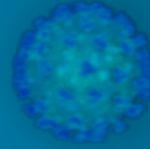
- March 23: Public introduction
- April 20: Anticipated Public Hearing & adoption

# Where Do Your Taxes Go?

## Municipality Only Keeps 16% Of Taxes We Collect



# COVID Budget Impact Assessment



- Revenue uncertainty continues to be most significant challenge to 2021 budget
- \$2.9mm in anticipated federal American Rescue Plan monies offer some budget flexibility even though \$\$ can't be anticipated this year (will be split over two years--'22/'23)
- Our financial position continues to be strong relative to many municipalities
  - AAA Bond rating remains
  - Surplus levels allow us to strategically manage revenue losses and final tax rate

# Lower Than Anticipated Revenues in 2020 Impacted 2021 Budget Forecast

## LOSSES

COVID-19 impact on 2020 budget was significant, particularly due to parking and court revenue declines

Municipal finance rules do not allow for anticipating more revenue than what was collected in prior year, compounding forecasted revenue losses

## SURPLUS

Despite lower revenues, generated \$2.5MM in surplus to end 2020 with a \$9.6 million surplus balance



# 2020 Budget Bright Spots

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## Conservation Center

High use during pandemic including increased permit sales for organic debris disposal, recycling use, bulky waste program use, sale of mulch and firewood, etc....

## Construction Department

Received more permits than expected during pandemic. Exceeded anticipated revenue in 2020, but still slightly below 2019 realized.



## Tax Collection

Anticipated reduced collections but maintained above 99% collections despite pandemic

# 2021 Budget Goals as COVID-19 Continues

1

## Reduce Spending

- By managing OT and deferring new hires Salary/Wages is only +1.59% despite union wage increases
- Operating expenditures were again cut in almost every dept
- Debt service down 2.52% allowing for continued robust capital program
- Health insurance costs decreased by 6%
- Always looking for more thru shared services

2

## Lowest Possible Tax Increase

- Appropriations +1.17% (\$540K) despite a \$700K increase in non-discretionary costs
- Projecting -\$270K (-1.6%) in revenues on top of \$1.2MM rev loss in 2020
- +\$100K in additional revenue projected through sale of assets
- Proposing 1.98% tax levy increase, or avg \$66/yr per household, lower than 2.2% inflation rate

3

## Conserve Surplus

- Surplus level replenished by \$2.5mm to \$9.6mm at YE'20
- 2021 budget will utilize \$3.8 million of surplus to lower tax rate and cover revenue losses
- Anticipated \$2.9mm in federal relief funds will ensure \$1.45 mm addition to surplus by YE'21.
- \$5.8 million surplus balance leaves room to continue to absorb extended disruptions



# Avg Tax Rate of 1.1% Over Last Four Years Remains Lower Than In Previous Ten Years



# Surplus 10 Year History - Reduced use to conserve for future years

	<u>Jan. 1 Balance</u>	<u>Amount Used</u>	<u>Balance Remaining</u>	<u>Amount Generated</u>	<div>Investing \$3,795,000 of the 2021 available surplus leaves the town in a position to absorb extended disruptions.</div>
2012	\$198,494	\$0	\$198,494	\$1,431,303	
2013	\$1,629,798	\$750,000	\$879,798	\$3,840,667	
2014	\$4,720,465	\$906,023	\$3,814,442	\$2,776,449	
2015	\$6,590,891	\$167,172	\$6,423,719	\$3,159,303	
2016	\$9,583,023	\$974,344	\$8,608,679	\$3,800,986	
2017	\$12,409,665	\$2,174,344	\$10,235,321	\$4,275,196	
2018	\$14,510,517	\$4,200,000	\$10,310,517	\$4,200,840	
2019	\$14,511,357	\$4,994,000	\$9,517,357	\$1,990,336	
2020	\$11,582,853	\$4,505,000	\$7,077,853	\$2,519,364	
2021	\$9,597,217	\$3,795,000	\$5,802,217	\$??	

# We Remain In Stronger Position Than During Financial Crisis

## Surplus Used As Rainy Day Fund

Surplus use during  
recession impact years  
2009 - 2012

BUDGET YEAR	FUND BALANCE <u>AVAILABLE Jan 1</u>	FUND BALANCE <u>USED</u>	% OF FUND <u>BALANCE USED</u>	FUND BALANCE <u>GENERATED</u>
2009	\$2,848,423	\$2,700,000	94.79%	\$1,907,122
2010	\$2,055,545	\$1,840,000	89.51%	\$1,627,557
2011	\$1,843,103	\$1,719,000	93.27%	\$74,391
2012	\$198,494	\$0	0.00%	\$1,431,303

Surplus use during  
recent years leading to  
COVID impact  
2020 - 2021

BUDGET YEAR	FUND BALANCE <u>AVAILABLE Jan 1</u>	FUND BALANCE <u>USED</u>	% OF FUND <u>BALANCE USED</u>	FUND BALANCE <u>GENERATED</u>
2018	\$14,510,517	\$4,200,000	28.94%	\$4,200,840
2019	\$14,511,357	\$4,994,000	34.41%	\$2,065,496
2020	\$11,582,853	\$4,505,000	38.89%	\$2,519,364
2021	\$9,597,217	\$3,795,000	39.54%	??

# COVID Has Most Negatively Impacted Misc. Revenue

	2019 <u>Realized</u>	2020 <u>Anticipated</u>	2020 <u>Realized</u>	2021 <u>Anticipated</u>	Var vs '19 <u>Realized</u>
Court	\$462,439	\$338,000	\$224,281	\$200,000	(\$262,439)
Parking	\$1,689,561	\$1,305,000	\$1,116,426	\$1,165,000	(\$ 524,561)
Cable Fees	\$469,470	\$460,507	\$460,507	\$439,918	(\$29,552)
Investment Int	\$321,098	\$220,000	\$230,321	\$220,000	(\$ 101,098)
Health Svc	\$667,816	\$646,018	\$634,498	\$668,628	\$ 452
Building Dept	\$1,109,553	\$800,000	\$1,002,139	\$950,000	(\$159,553)
Sewer Fee	\$1,725,157	\$2,100,000	\$2,107,079	\$2,100,000	\$374,843
Fees/Permits	\$593,268	\$440,000	\$691,535	\$650,000	\$56,732
<u>Int. on Taxes</u>	<u>\$301,226</u>	<u>\$225,000</u>	<u>\$324,670</u>	<u>\$275,000</u>	<u>(\$26,226)</u>
<b>Total</b>	<b>\$7,339,588</b>	<b>\$6,534,525</b>	<b>\$6,841,456</b>	<b>\$6,668,546</b>	<b>(\$671,402)</b>

# 2021 Municipal Budget Summary

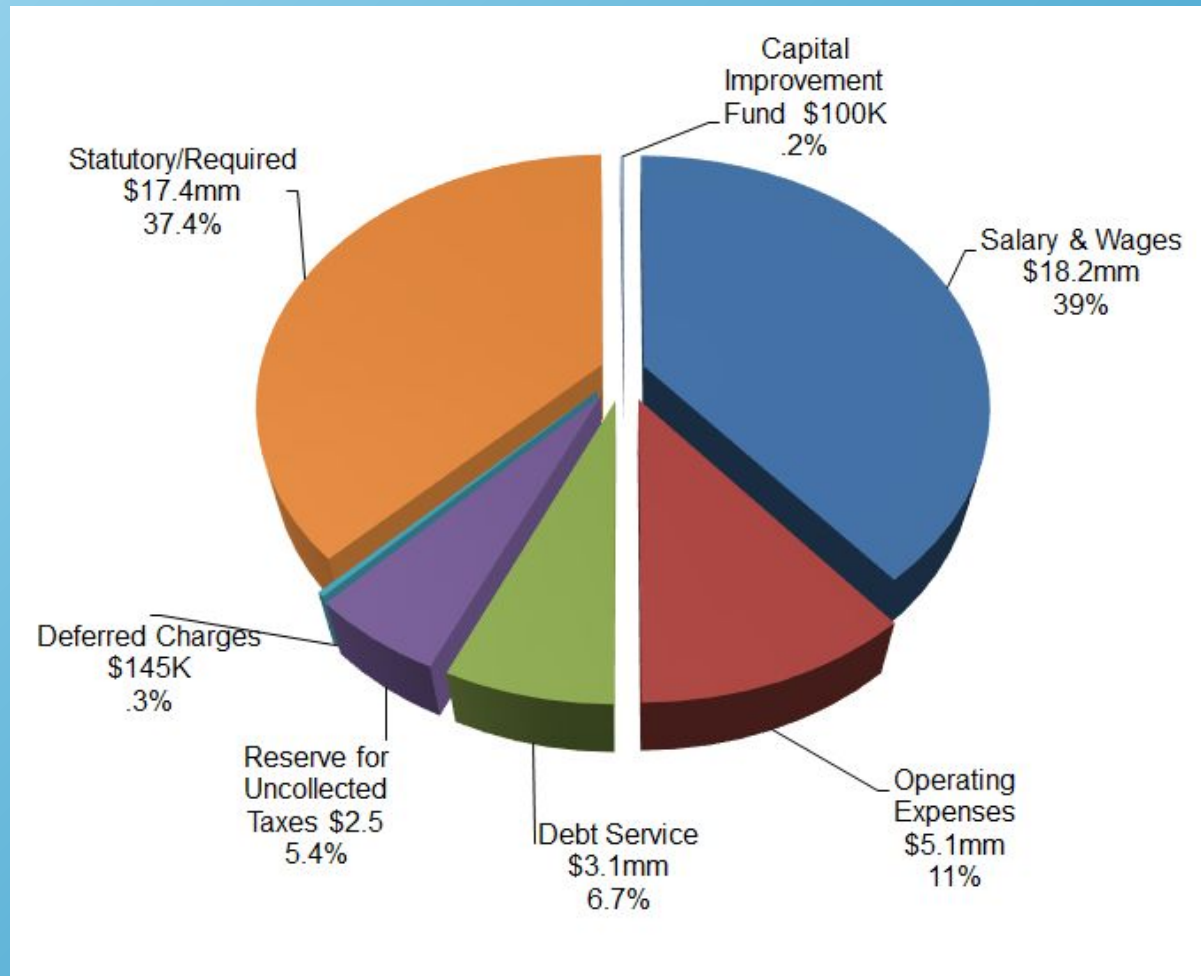
## Appropriations

	<u>2019</u>	<u>2020 COVID impact</u>	<u>2021 COVID impact</u>	<u>Inc./Dec.</u>
S&W	\$17,851,123	\$17,898,378	\$18,183,559	\$285,181 (1.6%)
Operations	\$5,076,372	\$5,045,805	\$5,127,713	\$81,908 (1.6%)
Debt Service	\$3,120,908	\$3,209,361	\$3,128,478	(\$80,884) (-2.5%)
Reserve for UT	\$2,440,000	\$2,480,000	\$2,525,000	\$45,000 (1.8%)
Deferred Charges	\$190,000	\$145,000	\$145,000	\$0
Statutory/Required	\$16,721,963	\$17,206,862	\$17,415,700	\$208,839 (1.2%)
Capital Imp. Fund	<u>\$1,300,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>
<b>Total</b>	<b>\$46,700,366 (2.32)</b>	<b>\$46,085,406 (-1.3%)</b>	<b>\$46,625,451</b>	<b>\$540,044 (1.17%)</b>

## Revenues

Total Revenues	\$18,724,071 (+6%)	\$17,546,832 (-6.3%)	\$17,274,242	(\$272,590) (-1.6%)
Tax Levy	<u>\$27,976,295 (0%)</u>	<u>\$28,538,574 (2%)</u>	<u>\$29,351,209</u>	<u>\$812,635 (2.85%)</u>
	<b>\$46,700,366</b>	<b>\$46,085,406</b>	<b>\$46,625,451</b>	
<b><u>Tax Rate</u></b>	0%	1.95%	1.98%	

# Only approx. 12% of Town Budget is Discretionary





# Salary & Wages Represents 39% of Total Budget

Police Dept. + \$169,243 (2.5%) (Police & Parking)

Fire Dept. + \$119,000 (3.3%)

Administration + \$ 29,144 (2.5%)

(Admin., Clerk, Collector, Assessor, Finance & Legal Dept.)

Health Dept. + \$ 27,576 (2.7%)

Fire Safety Official + \$ 4,369 (2.8%)

Engineering + \$ 1,550 (0.2%)

Building Dept. + \$ 1,186 (0.2%)

Recreation - \$ 2,014 (-1.0%)

Court - \$ 28,390 (-6.3%)

Public Works - \$ 36,483 (-1.2%)

**Public Safety Services  
represent 58% of total  
S&W.**

**Public Works represents  
17% of S&W.**

## Statutory/Required Expenses Represent Over 37% of Budget

PFRS Pension	+ \$ 253,829 (10%)
PERS Pension	+ \$ 121,201 (11.9%)
RVSA	+ \$ 105,347 (2.5%)
Other Insurance (JIF)	+ \$ 50,562 (4.8%)
Social Security	+ \$ 30,000 (4.4%)
Utilities	Flat (0%)
Health Insurance	- \$ 336,000 (-6.0%)

# Operating Expenses Represent 11% of Total Budget

Public Works	+ \$ 133,322 (6.56%)	(includes increases for recycling, salt for snow storms, rec. facility maint.)
Crossing Guards	+ \$ 90,000 (24.6%)	(restores funding after large reduction realized in 2020 due to school closures)
Police Dept.	+ \$ 26,800 (3.94%)	(realizes full year cost of body worn cameras)
Building Dept.	- \$ 3,200 (3.6%)	
Health Dept.	- \$ 51,980 (34%)	
Administration	- \$ 2,960 (0.4%)	
(Admin., Clerk, Collector, Assessor, Finance & Legal Depts.)		
Planning Board	-\$ 54,720 (41%)	
Court	- \$ 2,000 (6.7%)	
Public Events	- \$ 10,000 (29.4%)	
Fire Dept.	- \$ 13,400 (5.1%)	

**New recycling  
contract  
increased  
\$103K after  
public bidding  
process**



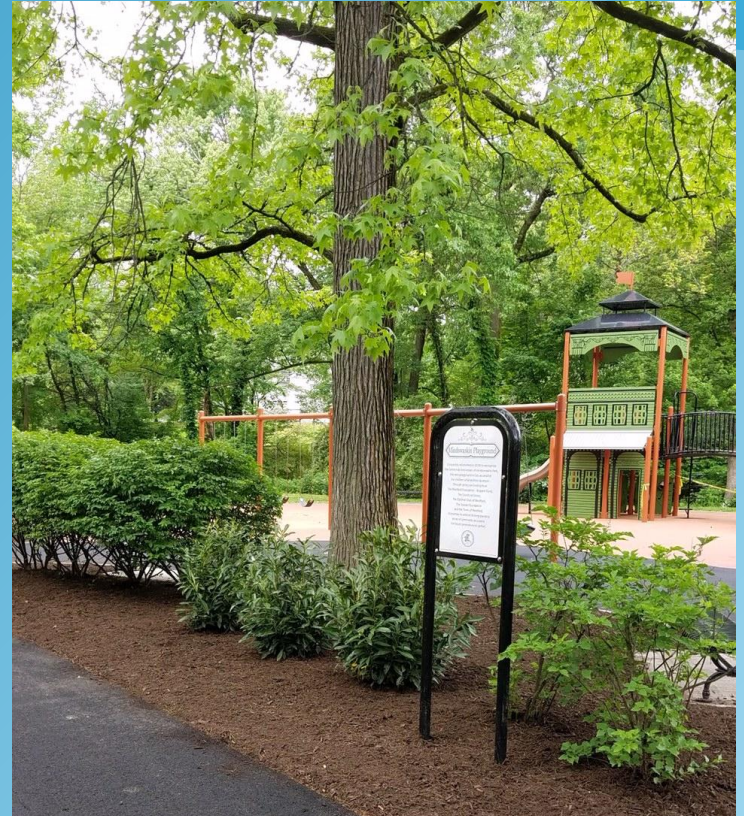
# In Spite of Revenue Challenges, There Are Budget Opportunities

1	2	3
Pandemic Recovery	American Rescue Plan	Ratables
Anticipated second half recovery sets up opportunity to exceed revenue projections and increase surplus	\$2.9MM in anticipated federal funds will add to surplus...next year and year after	2022 budget projections look strong as we anticipate adding ratables

# Well Managed Debt Service Provides Capital Flexibility

Planned Capital Projects Do Not Impact 2021 Budget:

- 18 miles of road paving scheduled, the majority paid by utility companies
- Drainage improvements
- Park improvements
- Public Safety improvements & equipment
- Technology enhancements

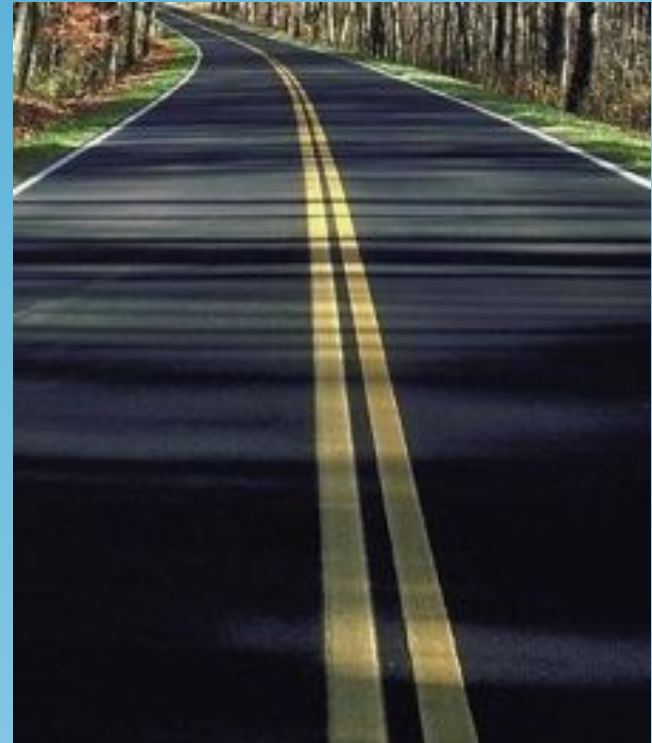




# 2021 Capital Budget

## \$2.6 mm Introduced March 2021

- Approving capital budget earlier than normal to get projects started and finished sooner.
- Large volume of road paving expected in 2021:
  - 5.5 miles to be paved by Town
  - 12.4 miles to be paved by Elizabethtown Gas





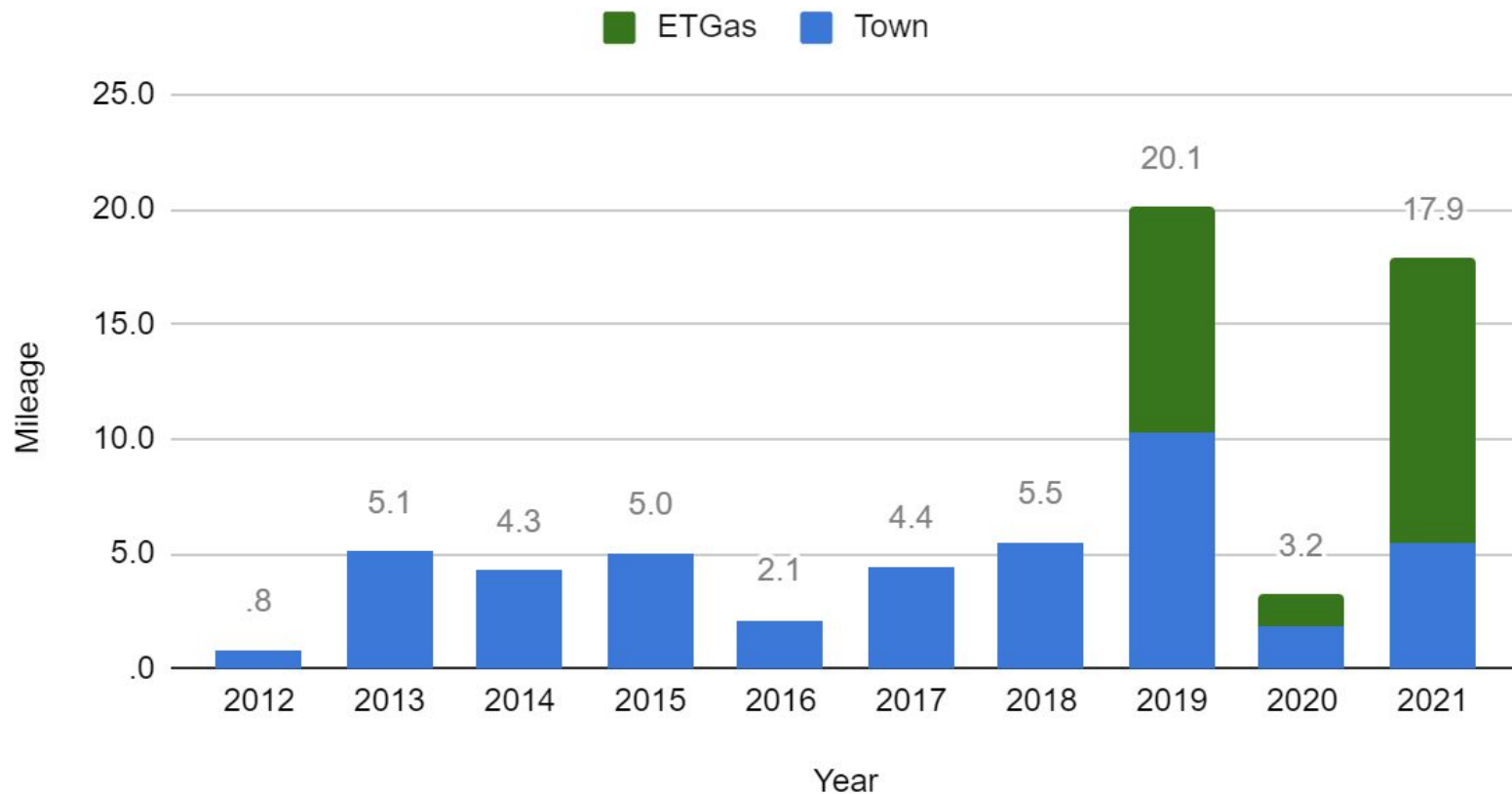
# Road Assessment Report Enables Strategic Coordination with Utility Companies and Planning for Multi-Year Resurfacing Plan

- The Town will again publish the annual road resurfacing plan on the website listing the streets that are expected to be paved by the Town and utility companies for 2021.
- For the first time the Town will publish on its website the roads expected to be paved for the next two years, 2022 & 2023, along with any utility paving projects that we have been coordinating to date.
- This has been possible by using our Road Assessment report and by formulating our annual paving plans in partnership with the utility companies for the most efficient and cost effective paving operations each year.

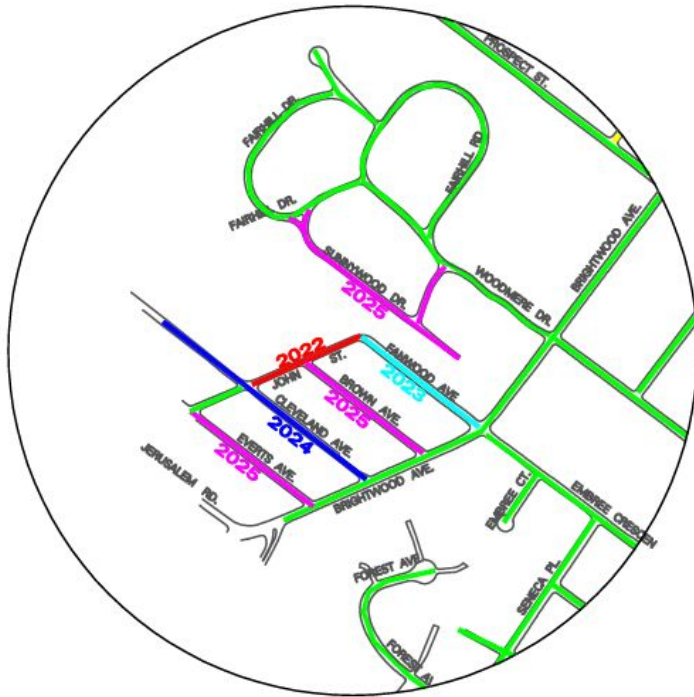


# Utility Road Paving Ordinance Has Doubled Paving Efforts

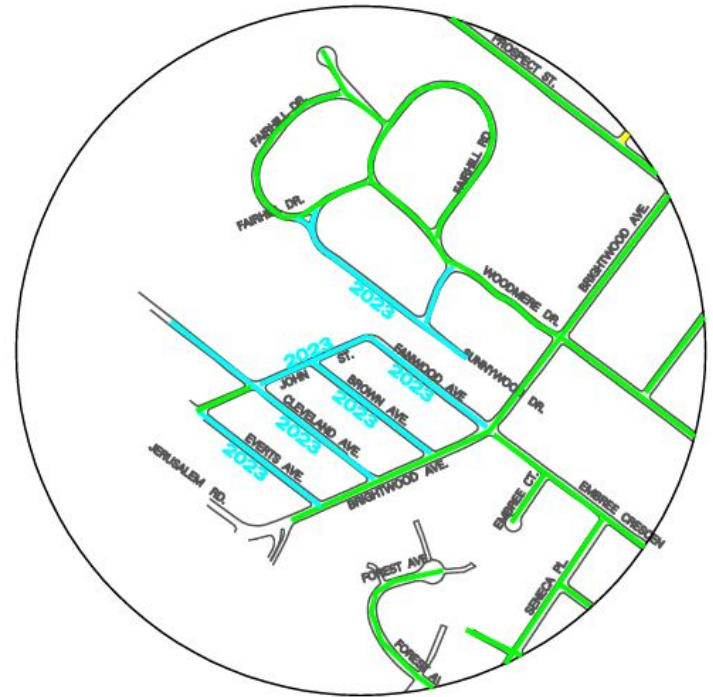
10 Year History - Road Repaving



# Example #1 - Strategic Resurfacing Planning

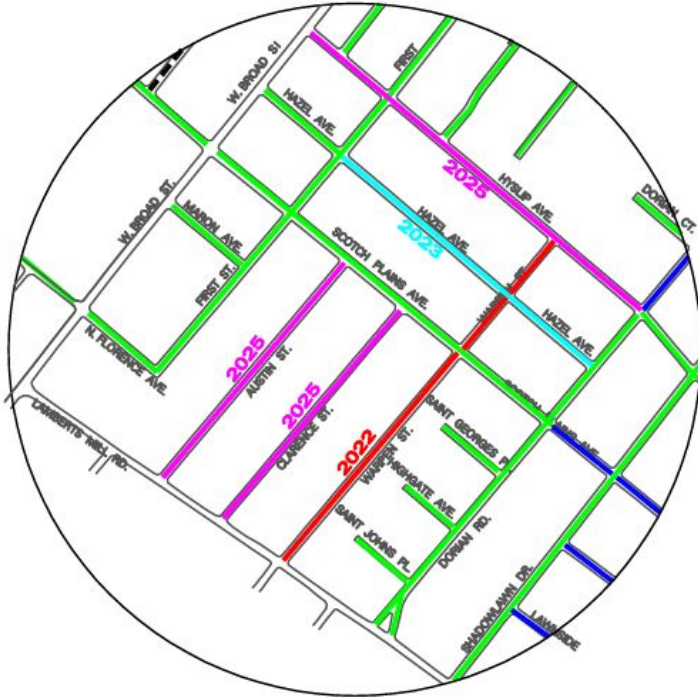


**WORST FIRST**

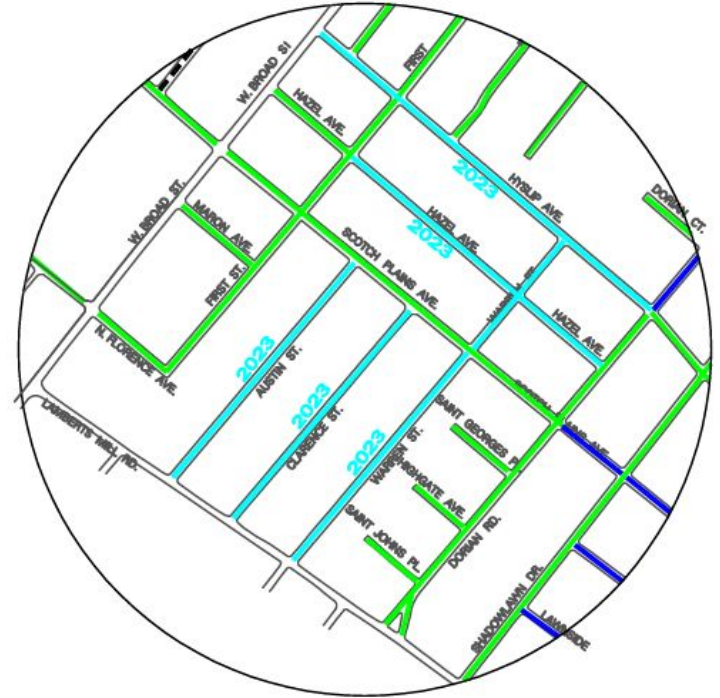


**GRID**

# Example #2 - Strategic Resurfacing Planning



**WORST FIRST**



**GRID**

# And Progress Continues...



Land Use and Circulation  
Element Plans to be completed  
soon as a next step in  
redevelopment process



Edison School Athletic Complex  
Master Plan moving forward in  
collaboration with BOE



New EV Charging stations  
being installed in 3 Town  
parking lots



Robust road paving plan begins soon; new  
traffic lights coming at Lamberts Mill &  
Rahway and West Broad & Scotch Plains Ave



Train station Bar/Restaurant RFP to  
be awarded to company that expects  
to get started on renovations in Q2!



New Town user friendly website to  
launch in Q2.



# Summary

- Town is in excellent financial condition despite COVID & its continuing impacts
- Budget process this year was planning for '21 and '22 to enable regeneration of surplus. Expected \$2.9mm in relief funding will only help us.
- COVID has reinforced and validated the need to diversify and grow our tax base:
  - Lessen dependence on revenue that undermines good long-term policy (parking tax, road opening/tear down permits)
  - Grow revenue derived from smart growth and planning (PILOTS, commercial properties/tenants, underleveraged town properties)
- Our post-crisis recovery provides an opportunity to think creatively and expansively about live, work, and play in a new world





# Questions?

- Please state your name and address and ask your question
- We will try to address questions as best as we can
- Send further queries or suggestions to email address below

Contact Us: [budget@westfieldnj.gov](mailto:budget@westfieldnj.gov)

